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INTRODUCTION

The Office of Internal Audit performed an audit of the Wayne County FIA Greenfield/Joy District for the period October 1, 1997 through September 22, 1998. The objectives of our audit were to determine if internal controls in place at the district office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Greenfield/Joy District had 122 full time equated positions (FTE's) at the time of our review. Greenfield/Joy District provided assistance to an average 17,407 recipients per month during FY 1997, with total assistance payments of \$36,178,993 during that year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at the Greenfield/Joy District, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Client Processing	CIS
Cash Disbursements	Cash Receipts
General Ledger	Accounts Receivable
Safe & Controlled Documents	IRS Information Security
Medical Transportation	Phone Usage
ENP/SER Payments	

EXECUTIVE SUMMARY

Based on our audit, we conclude that the Greenfield/Joy District internal controls are generally adequate to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We did, however, find a few instances of noncompliance with FIA policies and procedures and one weakness in internal controls, which are detailed below.

DISTRICT OFFICE RESPONSE

The management of the Wayne County FIA Greenfield/Joy District has reviewed all findings and recommendations included in this report. They indicated in a memorandum dated October 13, 1998 that they are in general agreement with the report. For Item #4, they stated that they would use the Desired Control and for Item #5, they would use the Alternate Control as recommended in the Primary Internal Control Criteria for Local/District Office Operations, issued June, 1998.

FINDINGS AND RECOMMENDATIONS - COMPLIANCE

The following are areas where we found that the Greenfield/Joy District was not operating in accordance with FIA policies and procedures that are described in manuals or instructional letters.

Control of Bus Tickets and Transfers

1. The Greenfield/Joy District did not properly control bus tickets and transfers. We noted that the District did not prepare the Monthly Controlled Document Inventory and Reconciliation (FIA-4351) for bus tickets and transfers, as required by Accounting Manual Item 403. Preparation of the Monthly Controlled Document Inventory and Reconciliation helps to ensure that loss, theft, or misuse of controlled documents would be detected on a timely basis.

WE RECOMMEND that the Greenfield/Joy District prepare the Monthly Controlled Document Inventory and Reconciliation for bus tickets and transfers.

Controlled Document Logs

2. The Greenfield/Joy District did not properly control blank documents, as required by Accounting Manual Item 403. The District's Controlled Document Logs (FIA-4070) did not agree with the physical count of documents. Accurate recording of receipt and use of controlled documents on the FIA-4070 and a monthly reconciliation of the FIA-4070 to the physical count of the documents helps to ensure that loss or theft of the documents would be discovered in a timely manner.

WE RECOMMEND that the Greenfield/Joy District perform a physical count of all controlled documents on a monthly basis and reconcile the count to the FIA-4070.

Stamping Documents "PAID"

3. The Greenfield/Joy District did not stamp supporting documents "PAID" when payment was made. The Accounting Manual Items related to each payment type require that supporting documents be stamped "PAID." Stamping supporting documents "PAID" helps prevent duplicate payments.

WE RECOMMEND that the Greenfield/Joy District stamp supporting documents "PAID" when payments are made.

RECOMMENDATIONS FOR IMPROVED INTERNAL CONTROLS

The following are areas where we have identified a control weakness at Greenfield/Joy District, and we are recommending a change in procedure to reduce the risk associated with the control weakness.

MA-010 Reconciliation - Supplemental Payments

4. The Greenfield/Joy District did not reconcile all Supplemental Payments listed on the Transaction Control Listing (MA-010) to the Supplemental Payment Authorizations (FIA-13), as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. Reconciling Supplemental Payments to the supporting documentation helps to ensure that transactions are appropriate and properly authorized.

WE RECOMMEND that the Greenfield/Joy District reconcile all Supplemental Payments listed on the MA-010 to the FIA-13's.

MA-010 Reconciliation - Openings and Reopenings

5. Greenfield/Joy District did not reconcile all new case openings and reopenings listed on the MA-010 Report to the Request and Registration Control Record (FIA-3614), as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. A 100% reconciliation of openings and reopenings provides assurance that cases were opened only by their assigned workers.

WE RECOMMEND that the Greenfield/Joy District reconcile all case openings and reopenings on the MA-010 Report to the FIA-3614's.